

**Audited
Consolidated
Financial
Statements**

U.S. Department of the Interior
Consolidated Statement of Financial Position
September 30, 1998 and 1997
(dollars in thousands)

	1998	1997
ASSETS		
Assets of the Department		
Current Assets		
Fund Balance with Treasury (Note 2)	\$ 5,623,448	\$ 4,809,079
Cash and Other Monetary Assets	36,683	31,904
Investments (Note 3)		
Treasury Securities	2,189,218	2,068,110
Public Securities	37,196	26,736
Accounts Receivable (Note 4)		
Public, Net of Allowance for Doubtful Accounts	223,385	173,364
Due from Federal Agencies	605,991	481,008
Operating Materials and Supplies	639	2,155
Inventory (Note 5)	389,315	393,260
Total Current Assets	9,105,875	7,985,616
Property, Plant and Equipment, Net of Depreciation (Note 6)		
Buildings, Structures, and Facilities	16,624,505	16,518,615
Equipment, Vehicles, and Aircraft	625,361	582,387
Other Property Plant Equipment	49,891	57,240
Total Property, Plant and Equipment	17,299,757	17,158,242
Stewardship Assets (Note 7)		
Other Assets		
Loans and Interest Receivable (Note 9)	168,511	192,871
Advances and Prepayments	89,991	63,293
Receivable from Appropriations (Note 1J)	259,361	197,781
Investigations and Development (Note 1K)	625,503	579,154
Other Assets	329,935	285,381
Total Other Assets	1,473,301	1,318,480
Restricted Assets (Note 10)		
Conservation Funds - Fund Balance with Treasury	14,146,048	14,071,704
Reclamation Fund - Fund Balance with Treasury	1,852,749	1,702,462
Reclamation Fund - Long Term Accounts Receivable	1,435,181	1,375,667
Total Restricted Assets	17,433,978	17,149,833
Total Department Assets	45,312,911	43,612,171
Assets Held on Behalf of Others		
Royalty Management		
Fund Balance with Treasury	428,903	442,836
Escrow Investments (Note 3)	1,716,261	1,667,348
Accounts Receivable	569,721	386,991
Non-Royalty Management		
Funds Transferable to Treasury	122,941	175,331
Non-Current, Unmatured, and Other Receivables (Note 4)	2,298,832	2,486,381
Total Assets Held on Behalf of Others	5,136,658	5,158,887
TOTAL ASSETS	\$ 50,449,569	\$ 48,771,058

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Consolidated Statement of Financial Position
September 30, 1998 and 1997
(dollars in thousands)

	1998	1997
LIABILITIES AND NET POSITION		
Liabilities		
Liabilities Covered by Budgetary Resources		
Liabilities to the Public		
Accounts Payable	\$ 319,060	\$ 261,245
Accrued Payroll and Benefits (Note 1M)	157,558	175,785
Advances and Deferred Credits	250,137	248,781
Deferred Revenue (Note 11)	3,644,438	3,831,142
Escrow Investments	1,716,261	1,667,348
Total Liabilities to the Public	6,087,454	6,184,301
Liabilities to Federal Agencies:		
Accounts Payable	222,478	43,544
Deferred Revenue and Other	117,559	88,056
Notes Payable to Treasury (Note 12)	1,443,477	1,435,508
Undistributed Royalty Collections	998,576	829,827
Receipts Transferable to Treasury	92,441	58,414
Other Amounts Payable to Federal Agencies	29,133	124,703
Total Liabilities to Federal Agencies	2,903,664	2,580,052
Total Liabilities Covered by Budgetary Resources	8,991,118	8,764,353
Liabilities Not Covered by Budgetary Resources		
Unfunded Payroll Costs, Payable to the Public (Note 1M)	456,912	438,998
Contingent Liabilities, Payable to the Public (Note 13)	670,783	565,470
Actuarial Liabilities, Payable to Federal Agencies (Note 1M)	412,701	0
Other Unfunded Liabilities, Payable to Federal agencies	60,019	68,812
Total Liabilities Not Covered by Budgetary Resources	1,600,415	1,073,280
Total Liabilities	10,591,533	9,837,633
Net Position		
Unexpended Appropriations (Note 14)	5,957,989	5,178,051
Cummulative Results of Operations	17,969,278	17,966,245
Restricted Equity - Conservation and Reclamation Funds	15,930,769	15,789,129
Total Net Position	39,858,036	38,933,425
TOTAL LIABILITIES AND NET POSITION	\$ 50,449,569	\$ 48,771,058

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Consolidated Statement of Net Cost of Operations
for the years ended September 30, 1998 and 1997

(dollars in thousands)

	1998	1997
Expenses		
Operating Expenses (Note 15)		
Natural Resources	\$ 5,905,187	\$ 5,552,752
Indian Affairs	2,089,876	2,149,114
Science	1,132,801	1,101,721
Other, Including Intra-Department Eliminations	476,470	469,270
Total Operating Expenses	9,604,334	9,272,857
Other Expenses		
Depreciation and Amortization	335,074	499,141
Net Loss on Disposition of Assets	38,553	28,188
Bad Debt Expense	6,733	(14,627)
Interest on Borrowings from Treasury	53,301	22,783
Other Interest Expense	11,241	12,896
Contingent Expense	148,227	258,118
Total Other Expenses	593,129	806,499
Deferred Maintenance (Note 8)		
Total Expenses	10,197,463	10,079,356
Revenues		
Sales of Goods and Services to the Public		
Natural Resources	557,269	860,672
Indian Affairs	91,677	134,860
Science	131,505	129,309
Other	8,908	1,390
Total Sales of Goods and Services to the Public	789,359	1,126,231
Sales of Goods and Services to Federal Agencies		
Natural Resources	515,142	525,717
Indian Affairs	104,159	6,202
Science	212,700	204,860
Other, including Intra-Department Eliminations	(46,840)	(68,514)
Total Sales of Goods and Services to Federal Agencies	785,161	668,265
Other Revenues		
Interest, Penalties and Premiums - Federal	21,677	7,599
Interest, Penalties and Premiums - Public	16,989	58,701
Other Revenues	280,153	469,714
Total Other Revenues	318,819	536,014
Total Revenues	1,893,339	2,330,510
NET COST OF OPERATIONS	\$ 8,304,124	\$ 7,748,846

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Consolidated Statement of Changes in Net Position
for the years ended September 30, 1998 and 1997

(dollars in thousands)

	1998	1997
Change in Net Position from Entity Operations		
Net Cost of Operations	\$ (8,304,124)	\$ (7,748,846)
Financing Sources Other than Revenue		
Appropriated Capital Used (Note 17)	8,828,050	8,403,984
Abandoned Mine Land Fees and Other	348,544	462,481
Imputed Financing Sources	385,684	282,346
Donated Revenue	15,288	216
Other (Note 17)	530,740	4,266
Total Financing Sources Other than Revenue	10,108,306	9,153,293
Transfers and Other Changes in Equity		
Transfers, Net	(1,058,202)	(1,180,108)
Other Non-Operating Changes in Net Position	(14,663)	(45,976)
Total Transfers and Other Changes in Equity	(1,072,865)	(1,226,084)
Total Change in Net Position from Entity Operations	731,317	178,363
Change in Net Position from Non-Entity Operations		
Custodial Activity		
Collection of Custodial Revenue	6,066,123	6,364,851
Custodial Revenue Transferred to Others	(5,848,412)	(6,182,164)
Net Change in Royalties to be Transferred	(217,711)	(182,687)
Net Change from Custodial Activity	0	0
Conservation Fund Activity		
Conservation Fund Revenues	899,022	1,042,017
Conservation Fund Disbursements	(974,701)	(196,012)
Net Change from Conservation Fund Activity	(75,679)	846,005
Net Results of Operations	655,638	1,024,368
Prior Period Adjustments (Note 16)	(511,124)	(141,244)
Change In Net Position from Operations	144,514	883,124
Increase in Unexpended Appropriations	780,097	763,824
Total Change In Net Position	924,611	1,646,948
Net Position - Beginning of Year	38,933,425	37,286,477
Net Position - End of Year	\$ 39,858,036	\$ 38,933,425

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Consolidated Statement of Custodial Activity
for the years ended September 30, 1998 and 1997

(dollars in thousands)

	1998	1997
Collections on Behalf of the Federal Government		
Mineral Lease Collections		
Rents and Royalties	\$ 4,479,181	\$ 4,891,647
Offshore Lease Sales	1,464,798	1,338,559
Other	155	48,588
Total Mineral Lease Collections	5,944,134	6,278,794
Earnings on Escrow Investments		
Interest Earned - Federal Investments	52,356	40,181
Amortized Discount on Federal Investments (Note 3)	36,902	45,876
Total Earnings on Escrow Investments	89,258	86,057
Receivable Accrual Adjustment	32,731	-
Total Collections on Behalf of the Federal Government	\$ 6,066,123	\$ 6,364,851
Disposition of Collections		
Transferred to Others (Note 17)		
Department of the Treasury	\$ 3,675,277	\$ 3,820,661
National Park Service Conservation Funds	896,980	1,046,980
States	655,242	684,908
Bureau of Reclamation	422,871	442,985
Indian Tribes and Agencies	71,010	53,954
Minerals Management Service Offshore Program	71,675	41,000
Other Federal Agencies	27,304	29,553
Other Transfers	28,053	62,123
Total Transferred to Others	5,848,412	6,182,164
Increase in Collections Pending Transfer	217,711	182,687
Total Disposition of Collections	\$ 6,066,123	\$ 6,364,851

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Combined Statement of Budgetary Activity
for the year ended September 30, 1998

(dollars in thousands)

	1998
Budgetary Resources	
Budget Authority	\$ 9,896,380
Appropriation Available for Investment, but not Obligation	1,351,565
Unobligated Balances - Beginning of Year	2,643,392
Net Transfers of Prior Year Balance	18,476
Spending Authority from Offsetting Collections	1,892,832
Adjustments	293,980
Recissions, Cancellations and Other Adjustments	(7,208)
Total Budgetary Resources	\$ 16,089,417
Status of Budgetary Resources	
Obligations Incurred	\$ 11,437,920
Unobligated Balances - Available	2,376,184
Appropriation Available for Investment, but not Obligation	1,463,788
Unobligated Balances - Unavailable	811,525
Total Status of Budgetary Resources	\$ 16,089,417
Outlays	
Obligations Incurred	\$ 11,437,920
Less: Spending Authority from Offsetting Collections and Adjustments	2,280,599
Subtotal	9,157,321
Obligated Balance Transferred - Net	(1,626)
Obligated Balances - Beginning of Year	3,299,233
Obligated Balances - End of Year	3,552,401
Total Outlays	\$ 8,902,527

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